

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6603**

**BILL NUMBER:** HB 1156

**NOTE PREPARED:** Dec 28, 2005

**BILL AMENDED:**

**SUBJECT:** Various Provisions Concerning Courts.

**FIRST AUTHOR:** Rep. Richardson

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

- A. It limits the amount of an excessive property tax levy for new court operating expenses to the estimate by the taxing unit operating the court of the court's expenses for its first year of operation. It lists the costs that qualify for the excessive levy.
- B. It requires jury commissioners to use only lists approved by the Supreme Court to determine the names of prospective jurors to be included in a jury pool. It removes provisions that allow the commissioners to select names from various other sources. It repeals definitions of "voter registration lists".
- C. It provides that the initial election of judges for Hendricks Superior Courts No. 4 and No. 5 that will be established on January 1, 2007, will occur in November 2010 instead of November 2006. It requires the Governor to appoint the initial judges of Hendricks Superior Courts No. 4 and No. 5 for terms beginning January 1, 2007, and ending December 31, 2010.
- D. It adds a second judge to the Jackson Superior Court beginning January 1, 2007.
- E. It abolishes the Madison County Court on January 1, 2007. It increases the number of judges serving on the Madison Superior Court from three judges to five judges on January 1, 2007. It makes the two Madison County Court judges serving on December 31, 2006, the fourth and fifth judges of the Madison Superior Court.

(The introduced version of this bill was prepared by the Commission on Courts.)

**Effective Date:** Upon passage; July 1, 2006; January 1, 2007.

**Explanation of State Expenditures:** *Excessive Property Tax Levy* – This bill would have no effect on the staff of the Department of Local Government Finance, who review the need for excessive tax levies after new courts

are created.

*Sources for Jury Pools* – The Indiana Supreme Court developed a series of master lists for broadening the jury pool for each county. This list includes persons who hold driver's licenses and identification cards issued by the Bureau of Motor Vehicles (BMV) and state income tax payers in the same county. Staff at the Department of State Revenue eliminated duplicates and removed individuals identified as deceased, too young for jury service, or no longer residents of Indiana. The Supreme Court made these lists available to each county upon request of the local courts. Currently, about 88 counties have requested this information.

To broaden jury pools, the Supreme Court has issued new rules specifying that counties may choose between using:

- this master list;
- this master list and another source of names such as utility customers, property tax records, or telephone directories;
- a voter registration list supplemented with at least one of the following sources: BMV records, property tax records, telephone directories, and utility customers.

To monitor these efforts, the Supreme Court required that all trial courts identify and report what sources they will use for jury pool assembly by November 30, 2005.

*New Jackson Superior Court* – The estimated costs for the second judge in the Jackson Superior Court are \$73,546 for FY 2007 and \$150,522 for FY 2008.

*Background Information on New Court Costs:* The following table shows annual projected salaries and benefits for judges. The estimate for the second judge in the Jackson Superior Court for FY 2007 is based on one-half of the 2007 cost.

<b>Projected Salaries and Benefits Based on Statute for Judges by Fiscal Year</b>			
<b><u>Benefits</u></b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Salary*	\$110,500	\$113,262	\$116,094
Life Insurance	\$398	\$408	\$418
Social Security	\$8,453	\$8,665	\$8,881
Judges Retirement Fund - Judge / PERF - Magistrate	\$11,933	\$12,231	\$12,537
Disability Insurance	\$2,519	\$2,582	\$2,647
Costs for Judicial Center	\$1,000	\$1,000	\$1,000
Deferred Comp State Match and Leave Conversion	\$654	\$654	\$654
Health, Dental, and Vision (blended rate)	\$8,291	\$8,291	\$8,291
<b>Total Cost Per Judge</b>	<b><u>\$143,748</u></b>	<b><u>\$147,093</u></b>	<b><u>\$150,522</u></b>
* Assumes an annual salary increase of 2.5%.			

Under IC 33-38-5-8.1, salaries of judicial officers are adjusted each year by the amount that executive staff in the same salary bracket are paid. Between FY 2001 and FY 2005, salary adjustments for state employees in the executive branch ranged from no salary increase in 2002 to an increase of 4% in 2001. For this analysis, judicial officers are assumed to receive a 2.5% annual salary increase.

State expenditures associated with this bill will also depend on the costs of fringe benefits for state employees. While most of the benefits are based on a percentage of the salaries of the employee, the costs of medical insurance for these persons will depend on future decisions of the executive branch. The state could absorb an increasing amount of the new health insurance costs or require employees to assume a larger share of the health insurance costs.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Excessive Property Tax Levy* – Counties pay an estimated 80% of the expenditures for trial courts. When a new court is created and if a county appeals for relief, a county's maximum aggregate levy is increased by the amount that the Local Government Tax Control Board recommends. The recommendation is based on the anticipated operating costs and accounting for anticipated new revenues from court fees. This provision adds language clarifying what types of costs can be included in the excessive levy.

*Sources for Jury Pools* – All counties would be able to comply with the requirement to use the list of license and identification card holders issued by the BMV. Of the courts in 53 counties that have reported to the Supreme Court, 44 are using the master list, while 9 counties use a combination of voter rolls and BMV records. (See also *Explanation of State Expenditures*.)

*Hendricks County Courts* – Under current law, four courts will hold election in November 2006, and two courts will hold election in November 2008. This bill would allow the Governor to appoint two judges for Superior Courts 4 and 5 for offices to be filled beginning in January 2007.

Since the judges for Superior Courts 4 and 5 would be elected at the general election in November 2010, the additional costs of printing the ballots for these candidates will be minimal. A comparison of the proposed change to current law is provided in the following table.

<b>Current Election Cycle for Hendricks County Judges and Proposed Change</b>		
<u>Year of General Election</u>	<u>Current Law</u>	<u>Proposed Change</u>
2006	Superior Courts 2, 3, <b>4, 5</b> elected	Sup. 2 & 3 elected, <b>Sup. 4 &amp; 5 appointed</b>
2008	Circuit & Sup. 1 elected	Circuit & Sup. 1 elected
2010	No election for judges	<b>Sup. 4 &amp; 5 elected</b>
2012	Sup. 2, 3, <b>4, 5</b> elected	Sup. 2 & 3 elected
2014	Circuit & Sup. 1 elected	Circuit & Sup. 1 elected

*New Jackson Superior Court* – Jackson County may incur additional costs for new staff and for office facilities for this new court.

*Madison County Superior Courts* – This bill would allow the courts in Madison County to better distribute workload between these two courts and the other three superior courts in Madison County. The costs of the two types of courts are the same.

Under IC 33-30-4, county courts are limited to hearing: (1) civil, tort, and landlord and tenant cases where the amount in controversy is less than \$10,000; (2) Class D felonies, misdemeanors, and infractions; and (3) local

ordinance violations and traffic violations.

County courts are excluded from hearing cases involving:

- injunctive relief or involving partition of real estate.
- declaring or enforcing any lien.
- paternity, juvenile, or probate issues.
- an appointment of a receiver.
- the dissolution of marriage.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Supreme Court, Division of State Court Administration.

**Local Agencies Affected:** All counties.

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for the Judges Retirement Fund; Office of State Court Administration; State Budget Agency.

**Fiscal Analyst:** Mark Goodpaster, 317-232-9852.